

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5668

ANSWERED ON:07.04.2017

International Financial Hubs

Chandumajra Shri Prem Singh

Will the Minister of FINANCE be pleased to state:

Will the Minister of FINANCE be pleased to state:

- a. whether the Government proposes to set up International Financial Hubs in the country;
- b. if so, the details thereof and the locations identified for the same;
- c. whether the Government proposes to provide various concessions to the institutions setting up such financial centers; and
- d. if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ARJUN RAM MEGHWAL)

(a) & (b): Section 18 of the Special Economic Zones Act, 2005 provides for the setting up of an International Financial Services Centre (IFSC) in a Special Economic Zone (SEZ). Subsequent to the approval received under the Act, the country's first International Financial Services Centre (IFSC) has become operational at the Gujarat International Finance Tec-City (GIFT), Gandhinagar.

(c) & (d): With a view to facilitate setting up of international financial centre in India, the following tax benefits were announced in Union Budget 2016-17:-

â€¢ The companies located in international financial services centre shall not be liable to dividend distribution tax.

â€¢ Minimum Alternate Tax shall be charged at the rate of nine per cent from units located in international financial services centre.

â€¢ The transaction in foreign currency of sale of equity share or units of equity oriented funds or units of a business trust taking place on a recognized stock exchange established in international financial services centre shall not be liable to securities transaction tax. It is also proposed that the gains arising from transfer of such long term capital asset shall be exempt from tax.

â€¢ The transaction in foreign currency of sale of commodity derivatives taking place on a recognized association established in international financial services centre shall not be liable to commodity transaction tax.

Apart from the above, financial concessions prevailing at the moment as per the Special Economic Zones Act, 2005 and the Special Economic Zones Rules, 2006 will be applicable to IFSCs within the SEZs. Guidelines and regulations have also been brought out by the sectoral Ministries/ Regulators, viz, Ministry of Corporate Affairs, Reserve bank of India, Securities and Exchange Board of India and Insurance Regulatory Development Authority of India with a view to facilitate the setting up of businesses in IFSC.